

TOWN OF CENTER, COLORADO

FINANCIAL STATEMENTS

December 31, 2012



**Wall,
Smith,
Bateman** Inc.
Certified Public Accountants

TOWN OF CENTER, COLORADO

FINANCIAL STATEMENTS

December 31, 2012

TOWN OF CENTER, COLORADO
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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Honorable Mayor
and Board of Trustees
Town of Center, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Town of Center, Colorado, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Business-type Activities and Major Enterprise Funds

The Town did not perform physical inventory counts for the Light and Power Fund, Natural Gas Fund, and Water Fund at year end. Accounting principles generally accepted in the United States of America require that an inventory count should be conducted at year end to ensure that inventory values are correctly reported in the financial statements. The amount by which this departure would affect the assets, net assets, and expenses of the business-type activities and each major enterprise fund has not been determined.

Certified Public Accountants

The Light and Power Fund enterprise system assets are being depreciated over an estimated useful life of 100 years, whereas management has determined the estimated useful life to be approximately 60 years. Accounting principles generally accepted in the United States of America require that capital assets be depreciated over their useful life in a systematic and rational manner. The effect of the depreciation being calculated over 100 years rather than 60 years overstates the capital assets and net investment in capital assets by approximately \$240,000 in the Light and Power Fund.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Business-type Activities and Major Enterprise Funds” paragraphs, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and each major enterprise fund of the Town, as of December 31, 2012, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major governmental fund of the Town, as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2012 the County adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 27-29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide assurance on

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Schedule of Expenses and Transfers Out for all Proprietary Funds and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenses and Transfers Out for all Proprietary Funds and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenses and Transfers Out for all Proprietary Funds and the Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in blue ink that reads "Wall, Smith, Bateman Inc". The signature is written in a cursive, flowing style.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

August 20, 2013

TOWN OF CENTER, COLORADO
BASIC FINANCIAL STATEMENTS

TOWN OF CENTER, COLORADO

STATEMENT OF NET POSITION

December 31, 2012

	Primary Government		
	Governmental	Business-Type	TOTAL
	Activities	Activities	
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 719,706	\$ 1,371,478	\$ 2,091,184
Property Taxes Receivable	180,175	-	180,175
Accounts Receivable	27,500	336,066	363,566
Due from Other Governments	44,010	-	44,010
Internal Balances	(98,729)	98,729	-
Inventories	-	72,500	72,500
Total Current Assets	872,662	1,878,773	2,751,435
Capital Assets			
Land	3,750	186,828	190,578
Water Rights	-	74,500	74,500
Construction in Progress	84,910	376,102	461,012
Buildings and Improvements	38,802	430,873	469,675
Infrastructure	83,955	-	83,955
Plant, Property, and Equipment	150,574	574,781	725,355
Enterprise System	-	2,522,256	2,522,256
Less Accumulated Depreciation	(57,699)	(2,291,575)	(2,349,274)
Total Capital Assets	304,292	1,873,765	2,178,057
TOTAL ASSETS	1,176,954	3,752,538	4,929,492
LIABILITIES			
Current Liabilities			
Accounts Payable	125,450	226,386	351,836
Due to Other Governments	76,632	41,000	117,632
Unearned Revenue	-	59,771	59,771
Customer Deposits	4,995	109,584	114,579
Total Current Liabilities	207,077	436,741	643,818
Long-Term Liabilities			
Compensated Absences	18,712	20,922	39,634
Total Long-Term Liabilities	18,712	20,922	39,634
TOTAL LIABILITIES	225,789	457,663	683,452
DEFERRED INFLOWS OF RESOURCES - CURRENT			
Unavailable Revenue - Property Tax	180,175	-	180,175
NET POSITION			
Net Investment in Capital Assets	304,292	1,873,765	2,178,057
Restricted for:			
TABOR	37,098	-	37,098
Unrestricted	429,600	1,421,110	1,850,710
TOTAL NET POSITION	\$ 770,990	\$ 3,294,875	\$ 4,065,865

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTER, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	TOTAL
Primary Government:							
Governmental Activities:							
General Government	\$ 457,603	440,231	\$ -	\$ -	\$ (17,372)	\$ -	\$ (17,372)
Public Safety	403,283	26,584	-	-	(376,699)	-	(376,699)
Municipal Court	22,358	1,490	-	-	(20,868)	-	(20,868)
Building and Planning	14,047	3,283	-	-	(10,764)	-	(10,764)
Streets and Parks	143,648	-	22,321	28,221	(93,106)	-	(93,106)
Health and Welfare	145,336	146,596	-	-	1,260	-	1,260
Highway and Streets	51,230	-	-	-	(51,230)	-	(51,230)
	<u>1,237,505</u>	<u>618,184</u>	<u>22,321</u>	<u>28,221</u>	<u>(568,779)</u>	<u>-</u>	<u>(568,779)</u>
Business-Type Activities							
Light and power	1,645,080	2,081,443	-	-	-	436,363	436,363
Gas	792,250	969,833	-	-	-	177,583	177,583
Water	335,202	232,496	-	-	-	(102,706)	(102,706)
	<u>2,772,532</u>	<u>3,283,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>511,240</u>	<u>511,240</u>
Total Business-Type Activities							
	<u>2,772,532</u>	<u>3,283,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>511,240</u>	<u>511,240</u>
Total Primary Government	<u>\$ 4,010,037</u>	<u>\$ 3,901,956</u>	<u>\$ 22,321</u>	<u>28,221</u>	<u>(568,779)</u>	<u>511,240</u>	<u>(57,539)</u>
General Revenues:							
Taxes:							
General Property Taxes - Net					230,780	-	230,780
Sales Taxes					271,621	-	271,621
Highway Users Tax					62,213	-	62,213
Other Taxes					9,178	-	9,178
Interest on Investments					3,867	5,544	9,411
Miscellaneous					14,159	-	14,159
Total General Revenues					<u>591,818</u>	<u>5,544</u>	<u>597,362</u>
Change in Net Position					23,039	516,784	539,823
Net Position - Beginning					<u>747,951</u>	<u>2,778,091</u>	<u>3,526,042</u>
Net Position - Ending					<u>\$ 770,990</u>	<u>\$ 3,294,875</u>	<u>\$ 4,065,865</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTER, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012

	GENERAL FUND	STREET IMPROVEMENT FUND	CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 345,634	\$ 291,617	\$ 82,455	\$ 719,706
Accounts Receivable	12,500	-	15,000	27,500
Due from Other Governments	24,419	19,591	-	44,010
Due from Other Funds	69,573	-	-	69,573
Property Taxes Receivable	180,175	-	-	180,175
TOTAL ASSETS	\$ 632,301	\$ 311,208	\$ 97,455	\$ 1,040,964
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 125,450	\$ -	-	\$ 125,450
Due to Other Governments	76,632	-	-	76,632
Due to Other Funds	86,099	82,203	-	168,302
Customer Deposits	4,995	-	-	4,995
TOTAL LIABILITIES	293,176	82,203	-	375,379
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Tax	180,175	-	-	180,175
FUND BALANCE				
Restricted				
TABOR Amendment Reserve	37,098	-	-	37,098
Committed				
Capital Projects	-	229,005		229,005
Assigned				
Culture and Recreation	-		97,455	97,455
Unassigned	121,852	-	-	121,852
TOTAL FUND BALANCE	158,950	229,005	97,455	485,410
TOTAL LIABILITIES AND FUND BALANCE	\$ 632,301	\$ 311,208	\$ 97,455	\$ 1,040,964

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTER, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2012

Total Governmental Fund Balances	\$ 485,410
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Amounts reported for governmental activities in the statement of
net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	304,292
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Long-term liabilities are not due and payable in the current period and
therefore are not reported in the funds.

Compensated Absences	<u>(18,712)</u>
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Net Position of Governmental Activities	<u><u>\$ 770,990</u></u>
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TOWN OF CENTER, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	GENERAL FUND	STREET IMPROVEMENT FUND	CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 375,769	\$ 135,810	\$ -	\$ 511,579
Licenses and Permits	3,283	-	-	3,283
Intergovernmental Revenue				
Highway Users Tax	62,213	-	-	62,213
Lottery Proceeds	-	-	22,321	22,321
Charges for Services	614,901	-	-	614,901
Interest on Accounts	3,257	328	282	3,867
Miscellaneous Revenue	14,159	-	28,221	42,380
TOTAL REVENUES	<u>1,073,582</u>	<u>136,138</u>	<u>50,824</u>	<u>1,260,544</u>
EXPENDITURES				
General Government	453,422	-	-	453,422
Public Safety	391,484	-	-	391,484
Municipal Court	22,358	-	-	22,358
Building and Planning	14,047	-	-	14,047
Streets and Parks	132,515	-	-	132,515
Health and Welfare	145,336	-	-	145,336
Highway and Streets	-	51,230	-	51,230
Capital Outlay	96,910	56,455	46,387	199,752
TOTAL EXPENDITURES	<u>1,256,072</u>	<u>107,685</u>	<u>46,387</u>	<u>1,410,144</u>
Excess (deficiency) of revenues over expenditures	(182,490)	28,453	4,437	(149,600)
Fund Balance Beginning of Year	<u>341,440</u>	<u>200,552</u>	<u>93,018</u>	<u>635,010</u>
Fund Balance at End of Year	<u>\$ 158,950</u>	<u>\$ 229,005</u>	<u>\$ 97,455</u>	<u>\$ 485,410</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTER, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

Net Change in Fund Balances - Total Governmental Funds **\$ (149,600)**

Amounts reported for governmental activities in the statements of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Fixed asset additions	\$	195,752	
Depreciation expense		(23,492)	
Fixed asset deletions net of accumulated depreciation		(1,400)	
			170,860

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in Compensated Absences not reflected on on Governmental funds		1,779
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Change in Net Position of Governmental Funds		\$ 23,039
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TOWN OF CENTER, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2012

	LIGHT AND POWER FUND	NATURAL GAS FUND	WATER FUND	TOTAL
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 734,020	\$ 622,909	\$ 14,549	\$ 1,371,478
Accounts Receivable	172,831	137,303	25,932	336,066
Due from Other Funds	129,129	34,962	-	164,091
Inventories	11,697	42,396	18,407	72,500
Total Current Assets	1,047,677	837,570	58,888	1,944,135
Capital Assets				
Land and Improvements	114,128	5,750	66,950	186,828
Intangible and Water Rights	-	-	74,500	74,500
Construction in Progress	166,702	125,952	83,448	376,102
Buildings	185,117	105,690	140,066	430,873
Enterprise System Assets	1,608,665	269,042	644,549	2,522,256
Equipment and Furniture	389,614	122,633	62,534	574,781
Less Accumulated Depreciation	(1,377,177)	(412,842)	(501,556)	(2,291,575)
Total Capital Assets	1,087,049	216,225	570,491	1,873,765
TOTAL ASSETS	2,134,726	1,053,795	629,379	3,817,900
LIABILITIES				
Current Liabilities				
Accounts Payable	145,986	72,748	7,652	226,386
Customer Deposits	45,270	57,431	6,883	109,584
Due to Other Funds	-	46,370	18,992	65,362
Unearned Revenue	59,771	-	-	59,771
Due to Other Governments	13,000	28,000	-	41,000
Total Current Liabilities	264,027	204,549	33,527	502,103
Noncurrent Liabilities				
Compensated Absences	7,983	8,658	4,281	20,922
Total Noncurrent Liabilities	7,983	8,658	4,281	20,922
TOTAL LIABILITIES	272,010	213,207	37,808	523,025
NET POSITION				
Net Investment in Capital Assets	1,087,049	216,225	570,491	1,873,765
Unrestricted	775,667	624,363	21,080	1,421,110
TOTAL NET POSITION	\$ 1,862,716	\$ 840,588	\$ 591,571	\$ 3,294,875

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTER, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2012

	LIGHT AND POWER FUND	NATURAL GAS FUND	WATER FUND	TOTAL
OPERATING REVENUES				
Charges for Services				
Utility Sales	\$ 2,008,190	\$ 960,814	\$ 231,525	\$ 3,200,529
Labor and Service Charges	49,269	179	971	50,419
Miscellaneous Revenue	23,984	8,840	-	32,824
Total Operating Revenues	2,081,443	969,833	232,496	3,283,772
OPERATING EXPENSES				
Salaries	136,064	133,371	133,394	402,829
FICA/Medicare	8,589	7,809	7,632	24,030
Health Insurance Benefits	24,827	27,238	28,904	80,969
Electricity Purchase	1,135,956	-	-	1,135,956
Gas Purchase	-	384,345	-	384,345
Training	8,369	2,422	2,857	13,648
Repairs and Maintenance	42,733	33,971	42,215	118,919
Gas Meter Replacement	-	57,570	-	57,570
Water Meter Replacement	-	-	6,586	6,586
Professional Fees	7,271	25,064	62,964	95,299
Fuel and oil	4,000	3,892	3,892	11,784
Supplies and Equipment	18,004	4,838	4,533	27,375
Depreciation	23,504	7,573	13,779	44,856
Administration Fees	226,145	100,000	23,000	349,145
Miscellaneous	9,618	4,157	5,446	19,221
Total Operating Expenses	1,645,080	792,250	335,202	2,772,532
Operating Income (Loss)	436,363	177,583	(102,706)	511,240
NON-OPERATING REVENUES (EXPENSES)				
Interest on Accounts	4,009	1,498	37	5,544
Total Non-operating Revenues (Expenses)	4,009	1,498	37	5,544
Net Income (Loss) before transfers	440,372	179,081	(102,669)	516,784
TRANSFERS				
Transfer In	-	-	100,000	100,000
Transfer Out	(100,000)	-	-	(100,000)
Total Transfers	(100,000)	-	100,000	-
Change in Net Position	340,372	179,081	(2,669)	516,784
Net Position Beginning of Year	1,522,344	661,507	594,240	2,778,091
Net Position End of Year	\$ 1,862,716	\$ 840,588	\$ 591,571	\$ 3,294,875

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTER, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2012

	LIGHT AND POWER FUND	NATURAL GAS FUND	WATER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 2,037,793	\$ 902,838	\$ 224,153	\$ 3,164,784
Cash Received from Miscellaneous Activities	-	8,840	-	8,840
Cash Payments to Suppliers for Goods and Services	(1,422,243)	(528,293)	(139,538)	(2,090,074)
Cash Payments to Employees	(136,064)	(133,371)	(133,394)	(402,829)
Cash Payments for Employee Benefits and Taxes	(35,393)	(35,881)	(35,717)	(106,991)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	444,093	214,133	(84,496)	573,730
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES:				
Transfers to other Funds	(100,000)	-	-	(100,000)
Transfers from other Funds	-	-	100,000	100,000
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(100,000)	-	100,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Customer Deposits	(20,053)	(41,785)	(2,726)	(64,564)
Purchase of Fixed Assets	(82,005)	-	(63,335)	(145,340)
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(102,058)	(41,785)	(66,061)	(209,904)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income	4,009	1,498	37	5,544
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	4,009	1,498	37	5,544
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	246,044	173,846	(50,520)	369,370
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	487,976	449,063	65,069	1,002,108
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 734,020	\$ 622,909	\$ 14,549	\$ 1,371,478

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTER, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2012

	LIGHT AND POWER FUND	NATURAL GAS FUND	WATER FUND	TOTAL
OPERATING INCOME (LOSS)	\$ 436,363	\$ 177,583	\$ (102,706)	\$ 511,240
Adjustments to Reconcile Operating Income to				
Net Cash Provided by Operating Activities:				
Depreciation expense	23,504	7,573	13,779	44,856
Change in Assets and Liabilities				
(Increase) decrease in accounts receivable	25,708	(23,193)	(8,343)	(5,828)
(Increase) decrease in due from other funds	(129,129)	(34,962)	-	(164,091)
Increase (decrease) in accounts payable	31,439	42,844	(2,821)	71,462
Increase (decrease) in unearned revenue	59,771	-	-	59,771
Increase (decrease) in compensated absences	(1,977)	(834)	819	(1,992)
Increase (decrease) in due to other funds	(1,586)	45,122	14,776	58,312
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 444,093	\$ 214,133	\$ (84,496)	\$ 573,730

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Town of Center, (the Town), reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

REPORTING ENTITY

Primary Government

The Town of Center was incorporated in 1906. A Board of Trustees, consisting of six elected Board members and an elected mayor, governs the Town. As required by accounting principles generally accepted in the United States of America (US GAAP), these financial statements present the activities of the Town, which is legally separate and financially independent of other state and local governments. The Town provides numerous services to all Town residents including, but not limited to, general government, road maintenance, police protection, trash collection, utility services, and parks and recreation.

Component Units

The Town's combined financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Town holds the corporate powers of the organization
- The Town appoints a voting majority of the organization's board
- The Town is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Town
- There is fiscal dependency by the organization on the Town
- The organization is financially accountable to the Town
- The organization receives or holds funds that are for the benefit of the Town; and the Town has access to a majority of the funds held; and the funds that are accessible are also significant to the Town

Based on the aforementioned criteria, the Town does not have any component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Government-wide statements report information on all of the activities of the Town. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

The Statement of Activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each reported as a separate column.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales and use taxes, other taxes, charges for services, intergovernmental revenues, and interest are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

- The **General Fund** is the general operating fund of the Town. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Street Improvement Fund** is used to account for street improvement costs and is funded by a sales tax of one percent.
- The **Conservation Trust Fund** is used to account for the Town share of the state lottery program. The monies may be expended only for the acquisition, development, and maintenance of parks, and other public recreational facilities.

The Town reports the following major enterprise funds:

- The **Light and Power Fund** is used to account for user charges and expenses for operating, financing, and maintaining the Town's light and power system.
- The **Natural Gas Fund** is used to account for user charges and expenses for operating, financing, and maintaining the Town's natural gas system.
- The **Water Fund** is used to account for user charges and expenses for operating, financing, and maintaining the Town's water system.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

proprietary fund's principal ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and Investments

The Town's cash and cash equivalents are considered to be cash in bank, certificates of deposit and liquid investments with maturity of three months or less from the date of acquisition. All investments, if any, are recorded at fair market value.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The Town's property taxes are collected by the County Treasurer who remits monthly receipts to the Town. Property tax revenue is recognized when received by the County Treasurer.

The 2012 property tax levy due January 1, 2013 has been recorded in the financial statements as a receivable and corresponding deferred revenue in the financial statements.

Receivables/Payables From Other Funds

Balances that originate from current lending/borrowing arrangements between funds are referred to as "Due To/From Other Funds".

Inventory

Inventories held by all funds except the Light and Power, Natural Gas, and Water Funds have been recorded as expenditures at the time of purchase. Light and Power, Natural Gas, and Water Fund inventories are stated at the lower of cost or market.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Capital Assets

Capital Assets, which include land, buildings and improvements, infrastructure, equipment, vehicles, and construction in progress, are reported in the applicable governmental activities columns in the Government-wide Financial Statements. The Town defines capital assets as assets with an initial, individual cost of more than \$1,000 and life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	5-60
Equipment	5-10
Plant	60-100
Infrastructure	10
Vehicles	5-10

GASB No. 34 requires the Town to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

Compensated absences

Personal time off is granted to full-time employees only and accrual rates are dependent on years of employment and exempt status. Employees may not carry-over more than 360 hours on December 31st of every year. Upon separation from the Town an employee will be paid for all accrued leave, up to the maximum accrual of 360 hours. A liability is recorded for compensated absences in the government-wide and proprietary fund financial statements.

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as debt service expenditures.

Interest Capitalization

Interest costs are capitalized when incurred by proprietary funds and similar component units on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. No interest was capitalized in the current period.

Deferred Inflows

In addition to liabilities, the statement of net position reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Encumbrances

The Town does record purchase orders in the accounting system upon approval of administration. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported based on the extent to which the Town is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the five categories:

- *Nonspendable* – amounts that cannot be spent because they are not in spendable form- such as inventory and prepaid insurance.
- *Restricted* – amounts with constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – amounts that can only be used for specific purposes as a result of constraints imposed by adopted ordinance of the Board of Trustees, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board of Trustees removed those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned* – amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Trustees or by an official or body to which the governing body delegates the authority.
- *Unassigned* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net assets/fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Contracts

The Town contracts with a private carrier for trash removal. The Town bills the individual customers and remits the collections less a 5 percent billing fee to the carrier.

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

New Accounting Pronouncements

During 2012, the Town adopted the provisions of the following Governmental Accounting Standards Board (GASB) pronouncements:

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements*, incorporates into GASB's authoritative literature certain accounting and financial reporting guidance included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure, which do not conflict with or contradict GASB pronouncements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. This statement affects the format and reporting of the balance sheet at the government-wide level and also at the fund level.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town follows the procedures set forth in the Colorado Local Government Budget Law when preparing the annual budget for each fund. Budget procedures include:

- Preparation of budget documents by administrative staff shall be submitted to the Board no later than October 15 of each year.
- Publication of a notice stating that the budget is available for public inspection.
- Discussion of the budget in a meeting open to the public.
- Adoption of the budget in a public meeting by appropriate resolution, no later than December 31.
- Ordinance to adopt supplemental appropriations.

Formal budgetary integration is employed as a management control device for all funds of the Town. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Town did not adopt supplemental appropriations during 2012.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget.

Stewardship

Expenditures exceeded appropriations in the General Fund by \$49,453, and the Street Improvement Fund by \$81,485 during 2012. This may be a violation of Colorado State Statutes.

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

A summary of Cash and Investments for the Town are as follows:

Cash on Hand	\$ 491
Cash desposited with Banks	1,807,488
Investments - ColoTrust	<u>283,205</u>
 Total cash and deposits on the Statement of Net Position	 <u><u>\$ 2,091,184</u></u>

CASH AND DEPOSITS

Colorado State Statutes govern the Town's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. All deposits in 2012 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. At December 31, 2012, \$1,308,688 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

INVESTMENTS

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. They include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Repurchase agreements
- Money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

Credit Risk

The Town does not have a formal investment policy, they refer to Colorado State Statutes for investment guidance, that calls for diversification within the portfolio to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities. As of December 31, 2012 the local government investment pools (ColoTrust) in which the Town had invested was rated AAAM by Standard & Poor's.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing interest rates. The Town has no investments with maturities past five years.

The Colorado Government Liquid Asset Trust (ColoTrust) is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. ColoTrust operates in a manner similar to a money market fund and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pool consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes.

Investments in local government investment pools or money market funds are not categorized as to risk because they are not evidenced by securities that exist in physical or book entry form.

NOTE 4 ACCOUNTS RECEIVABLE

At December 31, 2012, the Town had accounts receivable as follows:

General Fund	\$ 12,500
Conservation Trust Fund	15,000
Light & Power Fund (net of allowance for uncollectible accounts of \$42,653)	172,831
Gas Fund (net of allowance for uncollectible accounts of \$38,143)	137,303
Water Fund (net of allowance for uncollectible accounts of \$6,099)	<u>25,932</u>
Total	<u><u>\$ 363,566</u></u>

NOTE 5 DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

As of December 31, 2012, the Town had \$44,010 due from Federal, State, and Local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables/Payables

The Town reports interfund balances between many of its funds. The balances result from the time lapse between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are reported in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at December 31, 2012 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Street Improvement Fund	\$ 65,356
	Water Fund	4,217
		<u>69,573</u>
Gas Fund	General Fund	<u>34,962</u>
Light & Power Fund	General Fund	51,137
	Street Improvement Fund	16,847
	Water Fund	14,775
	Gas Fund	46,370
		<u>129,129</u>
Total		<u><u>\$ 233,664</u></u>

Interfund Transfers

Interfund transfers for the year ended December 31, 2012 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Water Fund	Light & Power Fund	\$ 100,000
Total		<u><u>\$ 100,000</u></u>

This transfer was made from the Light & Power Fund to subsidize the Water Fund.

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance 12/31/2011	Additions	Deletions	Balance 12/31/2012
<i>Governmental Activities:</i>				
Capital assets not being depreciated				
Land and Land Improvements	\$ 3,750	\$ -	\$ -	\$ 3,750
Construction in Progress	-	84,910	-	84,910
Total capital assets not being depreciated	3,750	84,910	-	88,660
Capital assets being depreciated				
Buildings and Improvements	29,751	9,051	-	38,802
Property, Plant & Equipment	107,238	45,336	2,000	150,574
Infrastructure	27,500	56,455	-	83,955
		-		
Total capital assets being depreciated	164,489	110,842	2,000	273,331
Less: Accumulated Depreciation	34,807	23,492	600	57,699
Total capital assets being depreciated, net	129,682	87,350	1,400	215,632
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 133,432</u>	<u>\$ 172,260</u>	<u>\$ 1,400</u>	<u>\$ 304,292</u>

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

	Balance 12/31/2011	Additions	Deletions	Balance 12/31/2012
<i>Business-type Activities:</i>				
Capital assets not being depreciated				
Land and Land Improvements	\$ 186,828	\$ -	\$ -	\$ 186,828
Water Rights	74,500	-	-	74,500
Construction in Progress	308,468	67,634	-	376,102
	<u>569,796</u>	<u>67,634</u>	<u>-</u>	<u>637,430</u>
Capital assets being depreciated				
Buildings	423,984	6,889	-	430,873
Enterprise System	2,453,441	68,815	-	2,522,256
Equipment and Furniture	572,781	2,000	-	574,781
	<u>3,450,206</u>	<u>77,704</u>	<u>-</u>	<u>3,527,910</u>
Less: Accumulated Depreciation	<u>2,246,722</u>	<u>44,853</u>	<u>-</u>	<u>2,291,575</u>
Total capital assets being depreciated, net	<u>1,203,484</u>	<u>32,851</u>	<u>-</u>	<u>1,236,335</u>
<i>Business-type Activities Capital Assets, Net</i>	<u><u>\$ 1,773,280</u></u>	<u><u>\$ 100,485</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,873,765</u></u>

Depreciation expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES:

General Government	\$ 1,960
Streets and Parks	9,733
Public Safety	11,799
Total depreciation expense – governmental activities	<u><u>\$ 23,492</u></u>

BUSINESS-TYPE ACTIVITIES:

Light & Power Services	\$ 23,502
Natural Gas Services	7,573
Water Services	13,778
Total depreciation expense – business-type activities	<u><u>\$ 44,853</u></u>

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

NOTE 8 LONG-TERM DEBT

Changes in Long-term Debt

	Balance 12/31/2011	Additions	Deletions	Balance 12/31/2012	Due Within One Year
<i>Governmental Activities:</i>					
Compensated Absences	\$ 20,491	\$ -	\$ 1,779	\$ 18,712	\$ -
<i>Business-type Activities:</i>					
Compensated Absences	\$ 22,914	\$ -	\$ 1,992	\$ 20,922	\$ -

NOTE 9 PENSION PLANS

Defined Contribution Plan

The Town offers a SIMPLE IRA defined contribution plan through Invesco. This plan is available to all eligible full-time employees after six months of employment, except sworn police officers. The Town will contribute a matching contribution to each eligible employee equal to the employee's contributions up to a limit of 3%. The employees become 100% vested in the Town's contribution once they are eligible to contribute to the plan. Plan provisions and contribution requirements are established and may be amended by the Board of Trustees.

For the year ended December 31, 2012, total employee contributions to the Plan were \$16,436 and matching Town contributions totaled \$13,127.

Defined Benefit Plan

The Town contributes to the State-Wide Defined Benefit Fund (The Plan), a cost-sharing multiple-employer defined benefit plan administered by the Fire and Police Pension Association (FPPA). The Plan covers all full-time police officers hired on or after April 8, 1978 (New Hires) under the provisions of Title 31, Article 30, of Colorado Revised Statutes 1973, as amended. The FPPA issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Fire and Police Association, 5290 DTC Parkway, Suite 100, Englewood, CO 80111-2721 or by calling 1-800-332-FPPA.

Plan members and the Town are required by Colorado statute to contribute 8% of the employees' salary to the Plan. The Town's contributions to the Plan for the years ending December 31, 2012, 2011, and 2010 were \$14,763, \$13,257, and \$1,168, respectively, equal to the required contributions.

NOTE 10 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment.

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

On April 4, 2000, the voters of Center passed a ballot issue to permit the Town of Center “in 1999 and each subsequent year thereafter, to retain and spend Town revenues in excess of the spending, revenue raising, or other limits in Article X, Section 20, of the Colorado constitution, utilizing such revenues for public safety, municipal services, transportation and other public improvements, park and recreational facilities, and any other lawful purpose as voter-approved revenue change.”

The amendment also requires that Emergency Reserves be established. These reserves must be at least 3 percent of fiscal year spending in 1995 and thereafter. This Emergency Reserve has been presented as a reservation of fund balance in the General Fund. The entity is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Lawsuits

The Town is party to various legal actions normally associated with governmental activities, aggregate effect which, in management’s and legal counsel’s opinion, would not be material to the financial statements.

TOWN OF CENTER, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and, if applicable, each of the Town's major special revenue funds.

TOWN OF CENTER, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 527,700	\$ 527,700	\$ 375,769	\$ (151,931)
Licenses and Permits	6,500	6,500	3,283	(3,217)
Intergovernmental Revenue				
Highway Users Tax	82,000	82,000	62,213	(19,787)
Charges for Services	601,325	601,325	614,901	13,576
Interest on Accounts	500	500	3,257	2,757
Miscellaneous Revenue	25,500	25,500	14,159	(11,341)
TOTAL REVENUE	1,243,525	1,243,525	1,073,582	(169,943)
EXPENDITURES				
General Government	423,200	423,200	453,422	(30,222)
Public Safety	352,675	352,675	391,484	(38,809)
Municipal Court	28,458	28,458	22,358	6,100
Building and Planning	44,191	44,191	14,047	30,144
Streets and Parks	208,095	208,095	132,515	75,580
Contractual	150,000	150,000	145,336	4,664
Capital Outlay	-	-	96,910	(96,910)
TOTAL EXPENDITURES	1,206,619	1,206,619	1,256,072	(49,453)
Excess (deficiency) of revenues over expenditures	36,906	36,906	(182,490)	(219,396)
Fund Balance at Beginning of Year	271,863	271,863	341,440	69,577
Fund Balance at End of Year	\$ 308,769	\$ 308,769	\$ 158,950	\$ (149,819)

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

The schedule is presented on the GAAP basis.

TOWN OF CENTER, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
STREET IMPROVEMENT FUND
For the Year Ended December 31, 2012

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Sales Tax	\$ 115,000	\$ 115,000	\$ 135,810	\$ 20,810
Interest Income	100	100	328	228
TOTAL REVENUES	115,100	115,100	136,138	\$ 21,038
EXPENDITURES				
Highway and Streets	26,200	26,200	51,230	(25,030)
Capital Outlay	-	-	56,455	(56,455)
TOTAL EXPENDITURES	26,200	26,200	107,685	(81,485)
Excess (deficiency) of revenues over expenditures	88,900	88,900	28,453	(60,447)
Fund Balance at Beginning of Year	280,889	280,889	200,552	(80,337)
Fund Balance at End of Year	\$ 369,789	\$ 369,789	\$ 229,005	\$ (140,784)

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

The schedule is presented on the GAAP basis.

TOWN OF CENTER, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CONSERVATION TRUST FUND
For the Year Ended December 31, 2012

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Lottery Proceeds	\$ 22,000	\$ 22,000	\$ 22,321	\$ 321
Miscellaneous Revenue	100	100	28,503	28,403
TOTAL REVENUES	22,100	22,100	50,824	28,724
EXPENDITURES				
Capital Outlay	50,000	50,000	46,387	3,613
Miscellaneous	1,200	1,200	-	1,200
TOTAL EXPENDITURES	51,200	51,200	46,387	4,813
Excess (deficiency) of revenues over expenditures	(29,100)	(29,100)	4,437	33,537
Fund Balance at Beginning of Year	108,824	108,824	93,018	(15,806)
Fund Balance at End of Year	\$ 79,724	\$ 79,724	\$ 97,455	\$ 17,731

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

The schedule is presented on the GAAP basis.

TOWN OF CENTER, COLORADO
OTHER SUPPLEMENTARY INFORMATION

TOWN OF CENTER, COLORADO
SCHEDULE OF EXPENSES AND TRANSFERS OUT
ALL PROPRIETARY FUNDS
BUDGET AND ACTUAL
For the Year Ended December 31, 2012

	BUDGETED AMOUNTS		EXPENDITURES REPORTED ON THE GAAP BASIS	ADJUSTMENTS TO BUDGETARY BASIS	EXPENDITURES ON THE BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL				
Proprietary Funds						
Enterprise Funds						
Light and Power Fund	\$ 2,142,018	\$ 2,142,018	\$ 1,745,080	\$ 58,504	\$ 1,803,584	\$ 338,434
Natural Gas Fund	1,027,523	1,027,523	792,250	(7,573)	784,677	242,846
Water Fund	2,265,808	2,265,808	335,202	49,554	384,756	1,881,052
Total Enterprise Funds	\$ 5,435,349	\$ 5,435,349	\$ 2,872,532	\$ 100,485	\$ 2,973,017	\$ 2,462,332

Adjustments to budgetary basis include costs of capitalized assets and depreciation expense.

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Center YEAR ENDING : December 2012
This Information From The Records Of (example - City of _ or County of _) Town of Center	
Prepared By: Christian Samora Phone: 719-754-3497	

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	216,317
4. Miscellaneous local receipts (from page 2)	328
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	216,645
B. Private Contributions	
C. Receipts from State government (from page 2)	62,213
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	278,858

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	56,455
2. Maintenance:	48,602
3. Road and street services:	
a. Traffic control operations	2,628
b. Snow and ice removal	
c. Other	
d. Total (a. through c.)	2,628
4. General administration & miscellaneous	50,793
5. Highway law enforcement and safety	35,447
6. Total (1 through 5)	193,925
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	0
b. Redemption	0
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	193,925

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	0			0
1. Bonds (Refunding Portion)				
B. Notes (Total)	0			0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	144,072	278,858	193,925	229,005	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:

Colorado

YEAR ENDING (mm/yy):

December 2012

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	80,507	a. Interest on investments	328
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	135,810	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	0	g. Other Misc. Receipts	0
6. Total (1. through 5.)	135,810	h. Other	0
c. Total (a. + b.)	216,317	i. Total (a. through h.)	328
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	62,213	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	0	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	62,213	3. Total (1. + 2.g)	
		(Carry forward to page 1)	

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		56,455	56,455
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	56,455	56,455
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	56,455	56,455
			(Carry forward to page 1)

Notes and Comments: